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SUBJECT: PM REAFFIRMS VALUE OF STRATEGIC TIES WITH U.S. IN
PARLIAMENTARY DEBATE ROUND II

REF: NEW DELHI 6011

Classified By: Charge Bob Blake, for Reasons 1.4 (B, D)

11. (SBU) SUMMARY: Compared to the staid August 3 Lok Sabha debate about Prime Minister Singh's Washington visit (Reftel), the statements in the Rajya Sabha on August 4 were much livelier, with the depth of feeling reflected in repeated personal insults and yelling matches. Throughout the debate, the BJP and Communist parties harped on two themes: India's nuclear sovereignty and lack of trust in US intentions. In a well-received 40 minute speech, the PM again defended the agreement as being in India's interests, emphasizing that greater cooperation with the US is crucial for expanding development options and does not mean sacrificing the country's foreign policy sovereignty. A follow-on meeting of MPs at the Charge's residence suggested that the argument is trending in our favor, but an August 8 debate on the US-India Defense Framework could see more fireworks. END SUMMARY.

The Opposition and Communists Sing the Same Old Songs

12. (SBU) The BJP, with somewhat more vigor than in the August 3 debate (Reftel), continued to argue that separating civilian and military nuclear facilities would deprive India of the ability to increase its military capability when the need arises. In a loud and accusatory speech met with frequent booing, hardline BJP leader MP (and former Health Minister) Sushma Swaraj charged the UPA government with committing "a big blunder" by making nuclear commitments without US guarantees and agreeing to separate facilities without first reaching a national consensus. Pushing a sensitive button in Indian history, she compared the signing of the joint statement to Nehru's mistake of taking the Kashmir issue to the United Nations.

13. (SBU) The Communists, ever-backward looking, focused on the history of US "betrayal" and asked whether nuclear normalization now would lead to additional conditionalities in the future. Arguments also strayed into a protest of nuclear power, with several MPs arguing that Congress should look at alternative energy sources and follow a Gandhian ideal of a nuclear-free world. Calling the Communist party's arguments "totally out of line with today's thinking, Sushant Sareen of "Public Opinion Trends Analyses and New Service" commented to Poloff after the debate that the "Communists are barking up the wrong tree by trying to incite people against nuclear power and cooperation with the US."

And Congress Fights Back Harder

14. (SBU) Senior Congress leader Anand Sharma fought back, calling out the BJP for politically motivated and inaccurate criticism of Indo-US cooperation. Quoting Strobe Talbot's memoir of his diplomacy with Jaswant Singh, Sharma drove home the point that the BJP supported a similar deal during their leadership, warning Swaraj that "before you launch on a motivated criticism, you should have done a better job on your homework as to what you were doing the last six years." He also addressed the fundamental concern of India's foreign policy sovereignty by pointing out that the GOI was simultaneously engaging with Russia, the EU, ASEAN, IBSA and other allies. Sharma commented that "When we say that we have given up, forsaken our commitment to multipolarity only by engaging the United States of America, this is a travesty of the truth."

15. (SBU) Prime Minister Singh concluded the debate in a 40 minute extemporaneous speech, emphasizing that India would never give up its nuclear or foreign policy sovereignty because it will always retain the right to: a) choose which facilities are inspected, b) permit inspections only in a phased manner, c) backtrack if the US does not fulfill its reciprocal agreements, and d) maintain an independent foreign policy. The PM's virtuoso performance (full text para 8) reflected his high degree of comfort with the US-India relationship and a detailed understanding of our civil-nuclear framework. To the Leftist critics of US "hegemony," he explained that if India wants to work towards their cherished vision of a multi-polar world, then it must take advantage of cooperation with the US in order to develop a stronger voice in international affairs. Admitting the

agreement was a "calculated risk," Singh told the Lok Sabha that "it was a risk worth taking" in order to "take advantage of those who would take India to a higher growth path." A "Times of India" article on August 4 emphasized the import of his statement, comparing his trip to the US to the dramatic pro-market steps he took as Finance Minister in 1991, and summarizing that he "has taken the next biggest challenge - to change the course of India's strategic future."

The Dust Is Settling Nicely

16. (C) In a follow-up meeting at the Charge's residence on August 4, members of the Indo-US Parliamentary Forum from across the political spectrum expressed a general sense of satisfaction with the PM's visit, and mentioned repeatedly that the PM's interventions had addressed most of their questions about the Washington visit. Several BJP members admitted on the margins that their party had been forced to oppose the US-India agreement in order to prevent the Left parties from occupying the opposition space. Several expressed quiet satisfaction at what we have achieved (including Jaswant Singh's son Mahvendra, who was one of those who played down the BJP criticism). The Charge emphasized the broad scope of what had been discussed in Washington, leading several to remark that we need to find ways to highlight the agricultural agreement, the CEO forum, and other steps that will build broad partnership with the US. Predictably, the greatest point of anxiety was the security relationship and the Defense Framework agreement, which has been widely mis-reported as a binding commitment of Indian forces. Speaking on the margins of the Charge's event, one thoughtful opposition MP made the point that anxiety about the Defense Framework was compounded by the fact that Defense Minister Mukherjee had downplayed his visit before the fact, claiming that it was a simple orientation with no likely substantive result. This contrasts with the PM's visit, which was carefully prepared with advance briefings to the Left and BJP opposition. Because the agreement that Mukherjee signed came out of the blue, our MP contact noted, Indians have been more susceptible to suggestions that there was some hidden agenda that lies behind the unexpected Defense Framework. We expect to see more of this argument on August 8 when Mukherjee will appear before the upper house of Parliament to explain his visit to Washington.

Comment: India Needs The US

17. (C) COMMENT: These Parliament arguments mirrored those presented in the Lok Sabha, but the atmosphere was energized, the debate was fiercer and the partisan politics were sharper. The PM has put full effort into defending the agreement with America. He made a spirited and detailed defense on July 28, as well as on August 3 and 4 in both the Lok and Rajya Sabha. In each of his remarks, he has reminded Parliament and the broader public that this agreement is good for India, addresses India's energy needs, and preserves India's security prerogatives. The government has done a thorough and careful job of addressing the criticisms of the left and the right, and neither side's complaints seem to have swayed a Delhi elite that generally views the agreement as a hard-won victory by two successive Indian administrations to secure India's strategic and economic interests. END COMMENT.

Full Text of PM Singh's Statement

18. (U) Begin PM text:

Mr. Chairman, Sir, I am very grateful to all the hon. Members who have participated in this debate and given their assessment and valuable suggestions regarding the outcome of my visit to the United States.

Sir, before I go and analyze the various issues that have emerged in the debate, I would like to submit to this House that one particular charge that Shrimati Sushma Swaraj levied against our Government of not consulting the relevant fora is simply not true. Before I went to the United States, I had the privilege of inviting Shri Atal Behari Vajpayee, Shri L.K. Advani and Shri Jaswant Singh, and I laid before them what objectives I had. I had clearly mentioned to them my objective in this visit as far as the nuclear policy is concerned -- to preserve and maintain our independence and autonomy in the management of strategic assets and, at the same time, open up new pathways to cooperation, to enhance India's energy security. Jaswant Singhji would recall in that discussion that there was a discussion about the management of nuclear power programme. We agreed that India's nuclear power programme was facing difficulties, not because our scientists lacked expertise, but because of the inequitable restrictive regime that various powers had adopted, to deny India access to technologies and other associated facilities, which would enable us to leapfrog in the race for social and economic development, so that we can accelerate the tempo of

social and economic change and get rid of chronic poverty, which still afflicts millions and millions of our people.

Sir, I had mentioned to hon. Atalji, Advani ji and Jaswant Singh ji precisely the framework which I followed while I was in Washington. I was also privileged to have the benefit of consultations with our colleagues from the Left Parties and I did them the same briefing, which I did to the Members of the NDA. After coming back, before making the statement in the House, I also requested Atal ji, Advani ji and Jaswant Singh ji to do me the honour of sitting with me, so that we could jointly appraise and analyse what we have achieved and what we have not achieved. I was very privileged that they did accept my invitation. I did the same thing with regard to our Left colleagues.

Therefore, Sir, within the limits of possibilities, all relevant steps were taken by us to keep the keep the main cross-currents of political opinion within our country -- the leaders of the Opposition, the leaders of the Left Alliance -- fully informed of what we were going to do before going, and what we did after we came back.

Sir, several points have been raised here. Sushma ji referred to the statement of a particular American official, Mr. Nicholas Burn. She preferred to believe him rather than me. I think the choice was entirely hers. But I do hope, I am right in saying that she and her friends have greater confidence in Mr. Strobe Talbott. She should also quote what he has been writing about what our Government has done in Washington. Mr. Talbott's comments are exactly in the opposite direction that too much has been conceded to India, that the nuclear order will collapse because President Bush has made extraordinary concessions to India.

I am not going to say who is right and who is wrong. I think, I leave this judgment to the hon. leaders of the Opposition. My purpose today is, through this House, to inform our country what I set out to achieve and how far I have been successful in achieving that. The purpose, the basic thrust, of all policies of our country, as I see it, is to set in motion processes which would enable us to leap frog in the race of social and economic change so that we can get rid of chronic poverty which still afflicts millions and millions of our people. After India became independent, great progress was made in all directions. But, the task of getting rid of poverty to which Panditji committed our nation on the 15th of August, 1947, is still not complete.

When I presented my first Budget as Finance Minister in 1991, I had then referred to both Houses of Parliament, quoting Victor Hugo, that no power on earth can stop an idea whose time had come, and I had then suggested to this august House, and the other House, that the emergence of India as a major global power happens to be one such idea whose time has come and that is the goal that our Government has sought to work on to realise. Whether we have succeeded or not, it cannot be realised in one go, but that is the mission, that is the ambition, and India's foreign policy has to contribute to preservation and strengthening of national security and also to widen our development options. We live in a world which is not a world which we like in all respects. Yet, it is a fact that inter-dependence of nations is a reality. And, that in this inter-dependent world, there is such a thing as power relations. This power in the world is not distributed equally, and we know, through history, that where there is inequality of power -- international relations are fundamentally power relations -- those who are more powerful cannot resist temptation to coerce those who are weak.

The United States is today a pre-eminent power. It is a super-power. It has global interest. In many areas, those interests do not coincide with our interests. Our ambition is to work to create a more just international system, a world which will be more moving towards multi-polarity; at the same time, to take advantage of the opportunities that exist in the present system to achieve our goals of accelerating the pace of social and economic change. We are not saying that this multi-polar world can become reality overnight, but we have a contribution to its realisation that can be done only by making India a strong pole of the global economy. Therefore, my first effort has been to use whatever opportunities that exist in the present system, to take advantage of those to move India into a high growth path. Our country, today, is admired all over the world. We have the second highest growth rate in the world and what is more significant is that the world today marvels and respects India for what we are - a country of one billion people with great diversity of beliefs, of religions and yet, seeking its salvation in the framework of a democratic polity committed to all fundamental human freedoms and respect for the dignity of the individual.

Therefore, there are opportunities in this unequal system that we have to contend with, and, I sincerely believe working with the United States to explore areas of convergence of interests is in our national interest. This does not mean that we endorse everything that the United States does, but in an interdependent world in which the United States counts for what you all know, we have to do business, and, therefore, my effort has been in this visit to help create an international environment which is more supportive of India's development efforts and which in the

process widens our development options.

Excessive discussion has taken place on the nuclear issue. My first thought when I thought of visiting the United States was not on nuclear issue. I was worried about the state of India's agriculture. The previous Government prepared the Tenth Five Year Plan. It has a target of four per cent growth rate of agriculture. We are nowhere in sight. Our agricultural economy seems to have reached a platform where new technologies associated with the Green Revolution, which came about in the mid-sixties and seventies, seem to have lost their old dynamism. And, therefore, I thought this is an opportunity to use the tremendous advances in human knowledge, in bio-technology and related fields to see if we can revitalise our research institutions, our agricultural universities, our extension centres, and, that is what is reflected in the Joint Statement, and, I attach great importance to its role in modernising and expanding the horizons for India's agricultural economy. Therefore, please do not concentrate only on the nuclear issue.

Then, there is this tremendous infrastructure bottlenecks. The tragedy of Mumbai is very much before us. How inadequate infrastructure has created such a human misery in this premier financial capital of our country. This could happen to any other city. We have been very negligent of infrastructure management. I have calculated that we need, at least, \$ 150 billion worth of investment in the next seven or eight years if we have to modernise our infrastructure, if we have to realise our ambitions of moving on to a growth rate of eight to ten per cent. Our domestic savings rate is respectable, but we need international help and the United States can help us, and, therefore, when I discussed this idea first with President Bush when I met him in Moscow, he said that the American Government is not now in the aid business but whatever we can do to encourage the US business to take greater interest in India, I will work with you, and he said, I will put 5 of my best friends who are in the world of business to work with 5 of your top businessmen and let them jointly explore as to how our two countries can work better to realise your vision of a more dynamic infrastructure.

I attach great importance to that aspect of my work in Washington. When I was in Washington, three of our top meteorological scientists, led by Dr. Shukla, came to me and said, "India's meteorological system require a sea change, if we are to take advantage of what is happening on the frontiers of relevant scientific subjects". This is not only in meteorological matters that we need upgradation of our skills. Our scientists have done very well. We are proud of their achievements. But human knowledge is increasing at a pace which was unthinkable even ten years ago. Therefore, we need increased contacts between the academic institutions, the research institutions, between the scientists of our two countries. And, fortunately, there are today, in all major US research centres, whether you go to the IBM laboratory or you go the University, bright young Indians are operating on the frontiers of the knowledge. I think, this is the brain reservoir we must tap. And, during this visit, it was my effort to tap that potential reservoir for our country, and that is an aspect which I would like to emphasise.

We have reached an agreement, a Framework Agreement, on science and technology development in frontier areas. The United States now recognises India as a space leader. I hope possibilities of cooperation will occur which will do us credit. This was yet another aspect of my work and what we achieved is mentioned in the joint statement. But, I was always conscious of the fact that if India is going to become a major growth pole of the evolving world economy, if we have to achieve every year 8 to 10 per cent growth rate, we would require the growth of commercial energy in our country, at least, at the same rate as our GDP growth. In fact, in our country, the demand for commercial energy is going to increase at a much faster pace. Why do I say this? Because, in our country, two revolutions are taking place simultaneously. At one go, under the impact of modernisation, the subsistence rural economy is shrinking.

Therefore, old traditional ways of meeting energy, firewood, household fuels, they are giving place to the increasing demand even in the rural sector for modern commercial energy. And, secondly, as we grow, as we industrialise, as we urbanise, there is that increase in demand for commercial energy. Therefore, India's energy security, along with the security of our water resources and security of our food, I think, is a critical determinant of what happens to the Indian economy in the next 25 years. Now, if we are going to work for energy security, what are we going to do? We have plentiful reserves of coal. We, today, produce about 400 million tonnes of coal and calculations are that the demand for coal will increase over a thousand million tonnes by the year 2010. More production of coal must take place. But with it come consequences for the environment, the CO2 emissions. I mean, if, in due course of time, the international climate change regime comes about, this could become a cropper. Therefore, we cannot put all the eggs in the basket of coal, though we work to develop clean coal technology. That is one area of priority, which

is recognised in this Joint Statement.

Today, we cannot do without hydrocarbons. For 70 per cent of our consumption of hydrocarbons today, we are dependent on imported supplies. I hope this prosperity prevails in the West Asia. But who can ignore all the uncertainty, leave aside other uncertainty? We are witnessing this year the uncertainty, instability and unpredictability of the oil prices. They have tripled in the last five or six months. So, we must, therefore, explore other options.

The resolution which led to the establishment of our Atomic Energy Commission -- and, our country will be eternally grateful to Panditji for having the vision to recognise the role of science and technology, particularly atomic energy, in managing the future needs of our country -- laid the greatest emphasis on the use of atomic power for generation of electricity. I think, Jaswant Singhji, mentioned our ambitions in this regard. I was a Member of the Atomic Energy Commission, when I was Secretary in the Ministry of Finance, way back in 1970. At

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that time, we had prepared a plan to reach the target of 10,000 Megawatt for nuclear capacity. We are today 30 years away from that period. Our total capacity is about 3,000 Megawatt. In the next five or six years, it can at best rise to about 6,000 Megawatt. But, even for these, we do not have fuels. We have problems in mining uranium in the areas where domestic deposits are found. As far as imported fuel is concerned, once again, because of the restrictive international regime, which the United States and other countries have erected, we are not able to access those sources or supplies.

Therefore, it was my ambition to use this visit to make an earnest effort to get this restrictive, repressive, and inequitable regime -- which for 35 years has stood as an obstacle in our race to leapfrog in the race for social and economic development by use of high technology -- out of the way.

If we want energy security, we have to rely more on nuclear energy. All over the world, nations like Japan and France, which are short of raw material, rely heavily on nuclear energy. I do believe that while we must develop coal, we must develop hydropower; we must develop renewable sources of energy to widen our development options for the future; and we must have an equal access to commercial energy, which is environment-friendly.

Sir, Jaswant Singhji referred to the international nuclear order. It is in a state of flux. You may call it disorder. I am not good at analysing long-term trends. But that there is a flux, nobody can deny. The NPT exists, but we all know, for example, the loopholes that exist and how despite the NPT, proliferation has taken place in our own neighbourhood. I could not, in the present stage, ask President Bush or the US Government that they should remove all restrictions on trade in nuclear assets. They said that there is such a thing as 'civilian' and there is such a thing as 'military'; we are willing to help you to augment your energy resources for use of your development, but military purposes are in other kettle of fish. I had to reckon with that reality and, therefore, I had to evolve our approach, taking into account the realities of the world order. And the world order being whatever it is, I was clear in my mind that we shall do nothing which will, in any way, compromise our independence with regard to the management of security. And despite the doubts that had been sought to be cast by Sushmaji, I assure this House that I am satisfied that those doubts are not based on facts.

It is true that what the US President has stated will require Congressional assent. It is also a fact that at my instance, President Bush has agreed that he will use the US influence with US allies and other countries also to dismantle these repressive regimes. And that applies also to the nuclear suppliers' group to make concessions in favour of India. What the US Congress will do, I cannot predict. But if you read the Joint Statement, it is clearly stated that after the US position is stated, what are our commitments. The starting sentence of that refers to that all these commitments are to be interpreted in reciprocity. If there is no action taken by the United States Government or if the US Congress does not agree with the US President, we are completely free, for example, to stay where we are. We are not required to do anything. The separation of civilian nuclear facilities and military facilities, I have been told by our nuclear establishment, can be done. I have not studied the details, but competent observers have told me that the Father of India's Nuclear Programme, Dr. Raja Ramanna, himself had proposed, long ago, that such a division should be made. Our nuclear establishment has told me that this can be done, but it will have to be done in a phased manner. And, therefore, we put it to the US Government that this separation will be done in a phased manner. It will be an autonomous Indian decision as to what is 'civilian' and what is 'military'. Nobody outside will tell us what is 'civilian' and what is 'military'.

Therefore, Sir, I submit to this House that we have all the

essential safeguards built into this Joint Statement which will ensure that India's autonomy and independence in the management of its nuclear assets is not compromised in any manner.

Sir, what are the commitments that I have taken? I am very clear in my mind and I can assure the House that there is no secret appendage or secret agreement. Everything that I discussed with the President is faithfully stated. There is nothing more to our agreement than what is stated in this Joint Statement. Now, what are these commitments? First of all, there is a moratorium on nuclear tests. This was announced by the previous Government and we said that we would continue to do so. Then there is a commitment to work with the United States for the conclusion of a Multilateral Fissile Material Cut-Off Treaty. Sushmaji, I think, was skilled in pointing out the quibbles about words "together with", "working with", etc. I respectfully submit that there is no difference between the commitment that the previous Government made and what is stated in this Joint Statement.

Sir, the third is to ensure that necessary steps have been taken to secure nuclear materials and technology through comprehensive export control legislation and through harmonisation and adherence to Missile Technology Control Regime and Nuclear Supply Group guidelines. Only a few weeks ago, this august House passed the necessary legislation which obliges us to ensure that our sensitive technologies do not get into the hands of unauthorised persons. So, there is no commitment, which is being taken, which is not there in the laws as approved by our Parliament. The only commitment that I have taken additionally is to agree to the separation of the military from the civil programme. There I have the support of the nuclear establishment. The Chairman of the Atomic Energy Commission was with me. It is only after he was satisfied that this agreement protects all the essential interests that are dear to all of us, I signified that we can go ahead with this arrangement. I respectfully submit to you, Sir, that the arrangement, as it stands, is in our national interest. It preserves our autonomy of the management of strategic nuclear assets. Whatever the designs, whatever the contents of the nuclear weapon programme, that will continue to be exclusively the decision of the Government and the people of India.

As far as our nuclear programme is concerned, our scientists have done us proud by having mastered the complete fuel cycle. From Pressurised Heavy Water Reactors to Fast Breeders to Next Generation Reactors based on thorium, we will give them all possible facilities to realise this vast latent potential represented by the Indian science and technology in the US. So, there should be no doubt in anybody's mind that the nuclear programme, our research effort, will suffer. There should be no doubt that our strategic asset programme will not remain exclusively in our own hand and, at the same time, we have the satisfaction that if what the President has promised me is really implemented by the Congress, we would have full equal status with regard to international trade in civilian nuclear facilities.

I think if that comes about, it will open up a few possibilities of the development of India's nuclear energy system. We have today because of a small nuclear energy sector, only small firms, high technology firms, in which we can take great pride. I take pride in the activities of the Bharat Heavy Electrical Ltd. I take pride in the way Larsen and Tubro has managed the most modern technologies, and then Walchand Hirachand. But these are only small islands. If in the next 20-30 years our nuclear power programme increases and we have the ambition to aim at 30,000 to 40,000 megawatts of nuclear capacity in the next 20 years, I have a vision that this will bring about a new burst of creativity, a second industrial revolution based on high technology where we will find many more new firms mastering the complicated new technologies now operating on the frontiers of scientific knowledge and technology.

Now Dr. P.C. Alexander said, "There are risks. US may not live up to what they promise." In life nothing is very certain. I think we have all to work on the assumption that things ex post may not turn out to be what they appear to be in sight. We must, therefore, take precautions. But not to take risks would also be an act of lethargy. What is necessary is that we, as a nation, should take calculated risks. I submit to this august House that what we have done during our visit is, if there are risks, those are calculated risks; they are worth taking. While I am on the subject, I would like to conclude by paying tribute to the team of officials who worked hard. The Chairman of the Atomic Energy Commission, Dr. Kakodkar; the National Security Advisor, Mr. Narayanan; the Foreign Secretary, Mr. Shyam Saran; our Ambassador in Washington, Mr. Ronen Sen, all working actively under the guidance of my colleague, Shri Natwar Singh. I think they deserve our appreciation for what they have done.

With these words, Sir, I commend to this House that it should endorse what we have done in Washington. Thank you.

BLAKE